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AMMAN 04692

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C O N F I D E N T I A L SECTION 01 OF 02 AMMAN 004692

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TAGS: [PGOV](#) [PINR](#) [JO](#)

SUBJECT: JORDAN'S NEW KAMIKAZE CABINET

Classified By: Ambassador David Hale, Reasons 1.4 (B) & (D)

¶1. (C) Summary. Jordan's new, technocratic cabinet is led by a Prime Minister with a track record of delivering on the King's economic reform agenda. His cabinet colleagues include some of Jordan's best-known reformists, among them four women. The poor showing of the King's main opposition, the Muslim Brothers, in parliamentary elections was a factor. It emboldened the King to pick a cabinet with a more modern coloring than the outgoing Bakhit cabinet, although Dahabi's tribal and military background should comfort the regime's power base. The King anticipates greater harmony among his key advisors, with two brothers leading the cabinet and intelligence directorate, the royal court now led de jure as well as de facto by Bassem Awadallah, and a Foreign Minister both he and Awadallah trust. The harmony may start to fray as the team faces daunting challenges from fiscal pressures and the continuing failure to demonstrate the benefits of reform and economic growth to average Jordanians, who feel their purchasing power is dropping and resent the competition from Iraqis here for scarce resources. While the MB opposition is diluted, the incoming legislature is likely to give this cabinet a hard time. They will seek to prove to voters they can make a difference and to react to a set of ministers whose western orientation and reform agenda are anathema to most of Jordan's elected representatives. However, the PM can count on the political support of his brother at GID to whip the King's loyalists in parliament into line, even to support policies they won't understand, and will instinctively dislike. The mix of appointments is a good outcome for the conduct of our bilateral relations, advancement of reforms, and use of U.S. assistance dollars (Dahabi is the first PM in memory who enters office with a sophisticated understanding of our large aid program). End summary.

¶2. (C) The King's designation letter to the new PM, Nader Dahabi, makes clear that economic development is to be the cabinet's priority. The personalities of the new team match that requirement -- largely reformist, technocratic, and U.S.-educated (nearly 2/3rds). Nine are holdovers from the

Bakhit cabinet, four are women, six to eight are of Palestinian origin (depending how you count), and five have been elevated immediately from ministry secretary generalships.

13. (C) The choice of Dahabi is meeting with favorable ratings, at least among Amman's elite. Although roughly the same age (61) as the outgoing PM, Dahabi has a markedly different style) energetic, results-oriented, and in tune with the King's reform agenda. Trained as an engineer, he was a career air force officer, and after retirement President of the Royal Jordanian Airlines, Minister of Transport, and since 2004 Chief Commissioner of the Aqaba Special Economic Zone Authority. His choice reflects the King's desire to have a PM whose tribal and military background will comfort the monarchy's loyal base, but whose career has shown an understanding of modern economics, ease with the private sector, and an ability to implement the nation's reform agenda. He did a masterful job in Aqaba, where with USAID's help Jordan has developed an autonomous authority with its own streamlined revenue, customs, and investment plan that has attracted over half a billion dollars in foreign direct investment during Dahabi's tenure. It has also given him unique on-the-job training, as Dahabi was a virtual PM of the Aqaba Zone.

14. (C) On November 21, a few days before the cabinet was finalized, the King shared some of his thinking with the Ambassador. He clearly felt liberated by the results in the parliamentary election, which dealt the opposition Muslim Brothers a decisive blow. Their parliamentary bloc falls from 17 to six (although the King said three more winners were undisclosed members, likely to join their bloc when parliament convenes). Parliament will remain an obstacle to the King's reform agenda, but the MB's showing created an environment in which the King felt able to pick a cabinet that can push for necessary reforms. He interviewed ministerial candidates over the course of several weeks to see if their views were in line with the 2005 National Agenda. That document is a 10-year blueprint for national development that emerged from intensive popular consultations led by then-Deputy PM Marwan Muasher. To the King's dismay, the Bakhit government was at best inconstant in its attention to the Agenda. In contrast, many of the new ministers played a key role in shaping the document. Well-known reform advocates include the Foreign, Planning, Environment, Labor, Health, Tourism, Social Development, Culture, and Transport Ministers. Others, such as at Education, Industry and Trade, and Public Sector Reform are not well known publicly, but as secretaries general were effective reform partners, including

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with USAID. (The one really discordant choice is the minister for parliamentary affairs, an ex-Muslim Brother, perhaps chosen as a calculated insult to the movement.)

15. (C) Another important factor in the King's thinking was to select a harmonious team, both within the cabinet and among the key power centers of the Prime Ministry, GID, and Royal Court. He anticipated some criticism for having brothers in two of Jordan's most powerful positions; the PM's younger brother is Director of General Intelligence Muhammad Dahabi and the King had given this matter careful thought. However, he felt on balance their relationship would work to the nation's advantage, ensuring smooth government-GID relations, a rarity in Jordan's recent history. He also felt) rightly, in our estimation) that Nader Dahabi's qualifications for the job are self-evident. Finally, he recognized that since Nader had no political experience, and had gained a reputation in Aqaba of being somewhat dismissive of the public and their elected representatives, brother Muhammad would need to help shore up political support for the new government, and guide the new PM through Jordanian politics. The new PM will also have to perfect his public speaking and communication skills.

16. (C) Dahabi's main competitor for the job was Bassem Awadallah, who the King said had threatened to resign from

office if he were not selected to head the cabinet. Instead, he accepted at the last minute elevation from the King's Office Director to Chief of the Royal Court. It was a job he was essentially doing on a de facto basis anyway, but now with a title much valued in Jordan. He also played a heavy role in influencing the King's cabinet choices, including of the Foreign Minister. Awadallah overstretched in a bid to combine the Planning and Finance Ministers in order to squeeze out the incumbent Planning Minister, Suhayr al-Ali, with whom he has a personality-driven contest. Al-Ali saved her job at the eleventh hour during a cabinet retreat in Aqaba, with the King, but not Awadallah, present. She argued that the ground had not been laid for a Finance/Planning merger and that donors would be up in arms. The PM agreed and, under pressure to announce his cabinet and end a minor but troubling problem at the start of his tenure, Dahabi took the path of least resistance and reappointed al-Ali. There is a plan within a year's time to transform Jordan's complicated revenue, budget, donor, and spending mechanisms, partly by creating an OMB answerable to the PM.

17. (C) The team is well-suited to meet the daunting challenges of 2008, and some of its members are already privately calling themselves the "kamikaze" cabinet) theoretically prepared to take politically unpalatable, but essential decisions because they have no personal, political ambitions. A lingering anxiety of the King is that Dahabi, like all of his previous choices as PM, will develop a personality change as he enters office and gain an overweening sensitivity to the hyper-critical views of Jordan's politicized class.

18. (C) While economic reforms are taking root and the country has seen strong economic performance, average Jordanians don't feel the results, and still suffer. Unemployment is stuck at 14 percent, 13 percent of Jordanians live on less than two dollars a day, and all face strong inflationary pressures. The next government will have to undertake painful fiscal reforms, to end a costly fuel subsidy and deal with a current account deficit of 15 percent of GDP. As it eliminates fuel and livestock feed subsidies, the regime's intention is to build a stronger but costly social safety net, including indexed public sector wage increases. All of these issues are made more difficult by the presence of Iraqis in Jordan who may over time become increasingly indigent. In Saudi Arabia last week, the King asked for \$1 billion in assistance over two years, but there are no guarantees of Saudi generosity beyond the \$300 million provided in 2006. So while the cabinet is a clear reflection of the King's commitment to advancing reforms while dealing with poverty, resources are lacking. A request for additional U.S. assistance is highly probable, as early as the Ambassador's first call on the new PM on November 27.

Hale